

DIRECT TESTIMONY AND EXHIBIT OF

ANTHONY M. SANDONATO

ON BEHALF OF

THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF

DOCKET NO. 2019-227-E

IN RE: SOUTH CAROLINA ENERGY FREEDOM ACT (HOUSE BILL 3659)

PROCEEDING RELATED TO S.C. CODE ANN. SECTION 58-37-40 AND

INTEGRATED RESOURCE PLANS FOR LOCKHART POWER COMPANY

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Anthony Sandonato. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina, 29201. I am employed by the South Carolina Office of Regulatory Staff (“ORS”) in the Energy Operations Division as a Senior Regulatory Manager.

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I received my Bachelor of Science in Nuclear Engineering from North Carolina State University in 2011. Prior to my employment with ORS, I was employed as an analyst with a global professional, technology, and marketing service firm working with large investor-owned utilities on energy efficiency program design and implementation. I joined ORS in 2016, and, in October 2019, I was promoted to my current position in the Energy Operations Division.

Q. HAVE YOU TESTIFIED BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA (“COMMISSION”)?

A. Yes. I have previously testified before the Commission.

1 **Q. WHAT IS THE MISSION OF ORS?**

2 **A.** ORS represents the public interest as defined by the South Carolina General
3 Assembly as:

4 [T]he concerns of the using and consuming public with respect to public
5 utility services, regardless of the class of customer, and preservation of
6 continued investment in and maintenance of utility facilities so as to provide
7 reliable and high-quality utility services.

8 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

9 **A.** The purpose of my testimony is to set forth and support ORS's recommendations
10 resulting from the examination and review of Lockhart Power Company's ("LPC" or
11 "Company") Integrated Resource Plan ("IRP") and associated filings in this docket to
12 determine compliance with certain sections of the South Carolina Energy Freedom Act
13 ("Act 62" or the "Act"). ORS retained the consulting services of J. Kennedy and
14 Associates, Inc. ("Kennedy and Associates") to assist in the review and analysis of the
15 Company's IRP.

16 **Q. WAS THE EXAMINATION AND REVIEW OF LPC'S FILINGS PERFORMED**
17 **BY YOU OR UNDER YOUR SUPERVISION?**

18 **A.** Yes. The review to which I testify was performed by me or under my supervision.

19 **Q. PLEASE EXPLAIN EXHIBIT AMS-1.**

20 **A.** Exhibit AMS-1 is the Review of Lockhart Power Company 2020 Integrated
21 Resource Plan Report (the "Report"). The Report was developed for ORS by Kennedy and
22 Associates and provides a detailed analysis of the LPC IRP. The direct testimonies of ORS
23 witnesses Philip Hayet, and Samuel Wyrobeck discuss their respective reviews, analyses
24 and recommendations.

Q. PLEASE DETAIL THE CRITERIA BY WHICH YOU EVALUATED THE COMPANY'S IRP.

A. ORS relied on the requirements provided in S.C. Code Ann. §58-37-40(B)(1) (Rev. 2019), which requires an IRP for an electrical utility to include the following:

- (a) a long-term forecast of the utility's sales and peak demand under various reasonable scenarios;
- (b) the type of generation technology proposed for a generation facility contained in the plan and the proposed capacity of the generation facility, including fuel cost sensitivities under various reasonable scenarios;
- (c) projected energy purchased or produced by the utility from a renewable energy resource;
- (d) a summary of the electrical transmission investments planned by the utility;
- (e) several resource portfolios developed with the purpose of fairly evaluating the range of demand-side, supply-side, storage, and other technologies and services available to meet the utility's service obligations. Such portfolios and evaluations must include an evaluation of low, medium, and high cases for the adoption of renewable energy and cogeneration, energy efficiency, and demand response measures, including consideration of the following:
 - (i) customer energy efficiency and demand response programs;
 - (ii) facility retirement assumptions; and
 - (iii) sensitivity analyses related to fuel costs, environmental regulations, and other uncertainties or risks;
- (f) data regarding the utility's current generation portfolio, including the age, licensing status, and remaining estimated life of operation for each facility in the portfolio;
- (g) plans for meeting current and future capacity needs with the cost estimates for all proposed resource portfolios in the plan;
- (h) an analysis of the cost and reliability impacts of all reasonable options available to meet projected energy and capacity needs; and,
 - (i) a forecast of the utility's peak demand, details regarding the amount of peak demand reduction the utility expects to achieve, and the actions the utility proposes to take in order to achieve that peak demand reduction.

Q. DOES THE COMPANY'S IRP COMPLY WITH S.C. CODE ANN. §58-37-40(B)(1)?

1 A. No. The Company's IRP as filed with the Commission does not include the
2 elements required under the Act. Each element of Act 62 and a corresponding analysis to
3 LPC's IRP compliance is discussed in detail in the Report contained in Exhibit AMS-1.

4 Q. PLEASE SUMMARIZE S.C. CODE ANN. §58-37-40(C).

5 A. Section 58-37-40(C), as revised by Act 62, identifies the following factors that an
6 IRP should appropriately balance to determine if the Company's plan is the most
7 reasonable:

- 8 (a) resource adequacy and capacity to serve anticipated peak
- 9 electrical load, and applicable planning reserve margins;
- 10 (b) consumer affordability and least cost;
- 11 (c) compliance with applicable state and federal environmental
- 12 regulations;
- 13 (d) power supply reliability;
- 14 (e) commodity price risks;
- 15 (f) diversity of generation supply; and
- 16 (g) other foreseeable conditions that the commission determines to
- 17 be for the public

18 Q. PLEASE SUMMARIZE ORS'S RECOMMENDATION RELATED TO THE
19 COMPANY'S IRP.

20 A. ORS recommends the Company be required to modify its 2020 IRP. The actions
21 that ORS recommends LPC take immediately to modify its IRP are listed below is
22 discussed in more detail in the Report and testimonies of ORS witnesses Hayet and
23 Wyrobeck. ORS also recommends additional modifications be made to future LPC IRP
24 filings. The specific modifications recommended by ORS including the corresponding
25 item number as found in the Executive Summary of the Report are listed in the table below.

1

Item	Recommendations for this IRP
1	The Company should develop long-term forecasts of sales and peak demand under various reasonable scenarios, which typically include low, medium, and high forecasts. 40(B)(1)(a)
3	The Company should develop several resource portfolios (low, medium, and high) to evaluate the range of demand-side, supply-side, storage and other technologies available to meet its load requirements. 40(B)(1)(b) and 40(B)(1)(e)
4	The Company should include a more detailed discussion of DSM in its IRP, including the historically achieved and projected energy and peak impacts. 40(B)(1)(e)(i) and 40(B)(1)(i)
5	The Company should include an evaluation of low, medium, and high fuel prices and environmental regulations (primarily CO ₂ costs) in order to evaluate its DEC PPA costs. 40(B)(1)(e)(iii)
6	The Company should develop a method of conducting resource evaluations as part of its IRP to compare its proposed plan to other reasonable options under different load, fuel, and risk sensitivities. This is necessary in order to compare net benefits of different resource plans. 40(B)(1)(g), and 40(B)(1)(h)

2 **Q. WILL YOU UPDATE YOUR DIRECT TESTIMONY BASED ON INFORMATION**
3 **THAT BECOMES AVAILABLE?**

4 **A.** Yes. ORS fully reserves the right to revise its recommendations via supplemental
5 testimony should new information not previously provided by the Company, or other
6 sources, becomes available.

7 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

8 **A.** Yes, it does.

EXHIBIT
AMS-1
FILED UNDER
SEAL
WITH THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
AS
CONFIDENTIAL